Voting of Demands for Grants—(*contd.*)

Demand III—Co-operative Societies—Rs. 8,864.

Mr. A. K. Vengu Ayyar.—Sir, I rise to move for a grant of Rs. 8,864 under III—"Co-operative Societies" for the year 1103. The increase of Rs. 800 noticed as compared with the budget estimate for 1102 is due mainly to the provision made for the temporary establishment sanctioned, and the increased amount provided under 'T. A.' for meeting the additional charges necessary in view of the more extensive tours that will be required consequent on the growth in the number of societies.

During the general discussion on the budget, several of the Members alluded in brief to the working of this department, and suggested that early steps should be taken for reorganising the same by giving it additional staff, so that Agriculture and Industry might be developed and improved by extending the activities of Co-operation to the above fields and the societies, adequately supervised. The question has already been taken up by the Government.

I request that the grant asked for may be sanctioned.

President.—Any information wanted on any point?

Mr. A. B. Salem.—I ask for information whether any provision has been made for credit societies for Agriculture for the supply of manure, for the supply of seeds, for the supply of implements, etc., in the coming year. We have only credit societies, money-lending societies. I ask whether Government is going to tackle the problem of organising manure societies, implement societies, seeds societies, in rural agricultural areas, at least in typical areas, in the coming year.

President.—Is there any society formed?

Mr. A. B. Salem.—Or do they think of any society being formed?

President.—You mean anything in contemplation for the purpose of distribution of seeds, manure, etc.

Mr. I. Raman Menon.—I have no information.

Mr. E. Ikkanda Wariar.—May I know whether any application for registration of Co-operative Societies has been refused in the year 1102, and if so, the number and the reasons for the same?

Mr. A. K. Vengu Ayyar.—I have no information.

Dr. A. R. Menon.—Will you kindly see, if you can get the information?

President.—Applications may be received by the Registrar. He might have forwarded them here. Generally, he reports to Government that such and such societies have been formed, and

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he also gives a number. He does not ask Government for sanction to register. So the matter may be pending with him and not with the Government.

Dr. A. R. Menon.—Has he got absolute authority to register and not to register?

President.—It is he who registers societies.

Dr. A. R. Menon.—Has he the power to refuse registration without consulting the Government? I just want to know.

Mr. A. K. Vengu Ayyar.—He is competent to do it.

President.—To refuse also?

Mr. A. K. Vengu Ayyar.—Yes.

Mr. K. S. Rama Ayyar.—There is a right of appeal also to the Diwan.

President.—Yes.

Motion Nos. 1—9.

Temporary Establishment.

Mr. S. F. Nunez.—*To omit the allotment of Rs. 504 for 'Temporary Establishment.'*

Co-operative Societies—Total.

Mr. E. Ikkanda Wariar.—*To reduce the total allotment of Rs. 12,000 under 'Demand No. III' by one rupee.*

Mr. K. P. Karuppan.—*To reduce the total allotment of Rs. 12,000 under 'Demand No. III' by Rs. 504.*

Mr. N. Padmanabha Menon.—*To reduce the total allotment of Rs. 12,000 under 'Demand No. III' by one rupee.*

Dr. A. R. Menon.—*To reduce the total allotment of Rs. 12,000 under 'Demand No. III' by one rupee.*

Mr. A. B. Salem.—*To reduce the total allotment of Rs. 12,000 under 'Demand No. III' by one rupee.*

Mr. A. Sankara Puduval.—*To reduce the total allotment of Rs. 12,000 under 'Demand No. III' by one rupee.*

Mr. K. Sankaran Nambudiri.—*To reduce the total allotment of Rs. 12,000 under 'Demand No. III' by Rs. 10.*

Mr. K. S. Rama Ayyar.—*To omit the allotment of Rs. 12,000 for 'Co-operative Societies.'*

Mr. S. F. Nunez.—Sir, in tabling this token motion, my object is to reiterate once more the observations made in this House on more than one occasion, as regards the unsatisfactory working of the Co-operative Societies in the Cochin State. Sir, time and again, Hon'ble Members of this House have pointed out that we have been centering only in the direction of opening credit societies. Nothing has been done so far in the matter of opening the more useful societies for the aggregate population, namely, for the supply of manure, for the supply of seeds, land mortgage banks to redeem the deplorable indebtedness of the

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rustics, and therefore, I thought it only reasonable to send in this token motion when, in the budget of the coming year, a sum of Rs. 500 and odd has been asked for a temporary establishment. Is this temporary establishment for the appointment of one more additional Inspector, one clerk and one peon to multiply the number of credit societies?

President.—For the present. Probably more may be appointed under the recommendation of the Special Finance Committee.

Mr. S. F. Nunez.—Sir, I hope that the expression of opinion of this House, the valuable opinion of this House, will not be lost sight of by the Government, and the Government would not lose time in turning the activities of the Co-operative Department in the right direction.

If we analyse the working of the credit societies themselves in the last so many years, we will see that the very people whom credit societies should have benefited are not people who are not benefited. Last year, I had occasion to point out that the interest levied by many of these credit societies is 12 per cent and more. Now, Sir, the poor members of these credit societies very often are in difficulty to make regular payments. Such are the difficulties that stand in their way. As a matter of fact, when they wipe out the debt, you will not be surprised to hear that the amount they pay in the shape of interest and fines would come to 36 to 40 per cent. Sir, if the Co-operative Societies are to prove the blood suckers of the hard-earned money of the poor, I say it is high time to cry halt; it is high time to close the department of our credit societies. And what is the relationship of the Central Bank to the credit societies? What is the review passed by the Government on the Central Bank? I do not find fault with the Government in the correct judgment that they have passed, the correct verdict of the Government on the work of the Central Bank. What I am surprised to see is a reference in some of the local newspapers to attempts on the part of the interested people.

Mr A. K. Vengu Ayyar.—Sir, is it proper to speak of the Bank as the Member is saying?

Mr. S. F. Nunez.—Do you justify the working of the Central Bank? Sir, I tell you, that, unless and untill the Central Bank is brought to work in the interest of the poor people, in the interests of the credit societies, I say neither the poor people nor the Government will be benefited nor can the Government be said to discharge their primary obligation to the poor people.

Mr. A. K. Vengu Ayyar.—Sir, regarding the working of the Central Bank, it will be better for the Members to discuss

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the matter at a meeting of the general body of the bank and not in the Legislative Council, for it will affect the reputation of the bank.

Mr. N. Padmanabha Menon.—I think the Government has deposited large sums of money in the Central Bank.

President.—To discuss the affairs of a private bank in Council will not be good. On the other hand, we have also deposited money in the National Bank, the Nedungadi Bank, etc. So that, you see, it will not be legitimate and proper to discuss their affairs here.

Mr. N. Padmanabha Menon.—Are we to understand that the Government has absolutely no supervising power over this bank?

Mr. A. K. Vengu Ayyar.—Government has, and they have issued orders.

Mr. N. Padmanabha Menon.—This discussion may serve at least to improve the supervision of the directors of the bank.

President.—At the same time we must have a regard to the reputation of that society. By discussing it here, people are likely to lose their confidence in the bank.

Mr. N. Padmanabha Menon.—I think, by a discussion, the atmosphere will be cleared, and the people will have more confidence in the concern.

President.—In the Nedungadi Bank we have deposited our money. If you are going to discuss about the Co-operative Central Bank on the ground that Government has deposited money in that Bank, then we must also discuss about the Nedungadi Bank, which we could not do. So to discuss about the Central Bank in the Council will not be proper.

Mr. N. Padmanabha Menon.—I do not think the position of the Central Bank is the same as that of the Nedungadi Bank.

President.—Our monies are there. Our security money and loans also are there. Beyond that it is more or less a private body carrying on banking business.

Mr. N. Padmanabha Menon.—We are only concerned with our money. We do not ask them to submit their accounts.

President.—But the point is, are we entitled to discuss about these banks in Council?

Mr. N. Padmanabha Menon.—Are the positions of the Nedungadi Bank and the Central Bank in relation with our Government the same?

President.—More or less on the same basis.

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Mr. N. Padmanabha Menon.—There were Government orders passed, and they have passed reviews on the working of the Central Bank. In the case of the Nedungadi Bank the Government cannot do that.

President.—We have not got that power. It will be exactly the same to us. Because the Registrar is there, he has got a right to go and call for the papers.

Mr. N. Padmanabha Menon.—If the Government is competent to pass reviews on the report of the Registrar who had audited the accounts of the Central Bank, then this Council has an equal right to discuss the report. Then, what is the use of taking this into the *Administration Report* and Government passing orders, if we are not allowed to discuss it?

President.—But we should have some regard for the reputation of the Bank, and should see that it is not impaired.

Mr. N. Padmanabha Menon.—We do not speak anything against it.

President.—By our discussing the matter in public in this Council, the Bank's credit should not be affected.

Mr. N. Padmanabha Menon.—We do not speak anything against the credit of the Bank.

President.—The relation of the Government with the Bank is not investing its money in it. Saying that it is using money inconsistently with the utility of the Bank, or that Government should not invest it in that bank might affect the reputation of the Bank.

Mr. N. Padmanabha Menon. Can we not prove that the Government, by allowing its money to continue in the Bank, have violated some of the provisions of the Co-operative Regulation?

President.—Government is not justified in that. If you are going to gainsay the conduct of the Bank, then it is that my objection comes. "Government has not done properly in investing this amount in the Bank, &c." I would welcome such criticisms.

Mr. N. Padmanabha Menon.—The criticism will be based on the Government orders passed.

Dr. A. G. Menon.—During such discussion we will have to pass certain remarks about the Bank also; naturally we must. But we are not going to speak anything against the credit of the company.

President.—If you have grievance with their business concern, you may discuss it in such a way that the reputation of the Bank is not affected.

Dr. A. R. Menon.—If it can be proved that this Bank is violating the fundamental rules laid down by scientific thinkers

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about these institutions, are we not entitled to point it out to the Government?

President.—To the extent to which our money is there.

Dr. A. R. Menon.—But this seems to be a public affair. It is not an ordinary private bank in the sense of the Nedungadi Bank. Government is passing reviews, Government is supervising the working of the company, the Government money is there, and there is a general belief it is a Government bank. I shall show you how the difficulty could be removed.

Mr. A. K. Vengu Ayyar.—When there is a remedy in a meeting of the general body of the Bank, why should these points be discussed here?

Dr. A. G. Menon.—The general body meeting of the Bank is for the members of the Co-operative Societies. We do not belong to these Co-operative Societies.

Mr. A. K. Vengu Ayyar.—It is for the affiliated societies.

Dr. A. G. Menon.—We do not belong to them also.

Dr. A. R. Menon.—All of us are affiliated. Most of the members of the affiliated societies are poor and illiterate people. They could not understand what takes place there, nor could they suggest any improvement in the working of the institution. Now, I ask "Here is an institution which is separate from the State, and many poor people have invested money in this concern, and it is generally accepted by the public that it is practically a Government bank, because there is the Registrar going and inspecting its working, etc." We do not want to attack this company. This bank has violated the fundamental rules laid down for its guidance. Then, are we not entitled to call your attention to it?

President.—Government has no voice in the conduct of the business of this Bank.

Dr. A. R. Menon.—What is the relation of Government in regard to this bank?

President.—There is a certain difficulty. We could not say anything definitely.

Dr. A. R. Menon.—I sent a number of questions on the working of the Central Co-operative Bank, and the Secretary refused to give the answer, and passed a remark that it is a prohibited subject. That is the position taken up by Government. Every question that I asked is made use of in drawing up that report. But I am refused the answer to my questions.

President.—Can you give any information on the subject.

Mr. A. K. Vengu Ayyar.—What I have to say is the Secretary of the Central Bank is appointed by Government. The Registrar is the supervising officer, and he is to audit the accounts every year.

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President.—Has he got a duty to see that the rules are not violated, and that they are followed properly ?

Mr. A. K. Vengu Ayyar.—He has got.

President.—How many official directors are there?

Mr. A. K. Vengu Ayyar.—The Trichur Tahsildar is the only official director.

President.—Anybody else. The balance of the Bank is kept in the Trichur Taluk Treasury. There are, of course, differentiating things. It is not a Government bank. It is more or less dependent upon the Government, and it cannot be said to be an ordinary private bank in which Government deposits its money. There is some supervision on the part of the Government over this Bank.

Dr. A. R. Menon.—Many of the officials also deposit money in it. Is it proper to say that it is just like a joint stock bank ? That is the answer I wanted to get.

President.—I must say, on careful consideration, that we have got something to do with this bank, and we pass reviews and have transactions with this as with other private banks. The only thing for us is to see that the discussion that takes place here is so shaped as to let us understand whether, so far as Government interests are concerned, necessary safeguards are taken, and to see that the reputation of the Bank is not impaired. There are other people also who have invested money in this bank, and if we speak anything against it, they will lose their confidence in the bank, and would withdraw their deposits. That is what I want you to remember. We should not, by discussing it here, impair the development of the business of this bank. Provided that is borne in mind, I have no objection to raise a discussion here on this point.

President.—First, Mr. Nunez's motion.

Dr. A. G. Menon.—We want only a general discussion, and we do not press it.

President.—Mr. Rama Ayyar will have something to say on this subject.

Mr. K. S. Rama Ayyar.—I have got much to say on this subject, but I will compress it, as far as possible, as the time is very limited.

There is a motion standing against my name, and many may think that it is badly worded.

President.—Who said that it is badly worded?

Mr. K. S. Rama Ayyar.—Some of the Members said so. It may be so; but I worded it like that, because I could not express my discontent in any less forcible fashion. However, I do not intend to move it, and I shall follow the Member for Urakam.

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I am sorry that the Government do not put their hearts into the Co-operative movement as much and as well as one would expect them to do, if they had known the real economic condition of the masses, and are alive to their responsibilities in the matter of their uplift.

There are now 140 Co-operative Societies in the State, and *the Report for 1101* says that all of them are working, except nine. But if you ask me how many of them are working well, I can tell you that it is not even half this number. The other day one Member of the House asked a question whether there was any faction in the Trippunittura People's Bank. I tell you, Sir, faction is the presiding evil in several of the societies, and probably the Trippunittura Bank—once the premier co-operative institution in the State, as admitted by the Registrar in several of his reports—now heads the list. I cannot talk on Co-operation much less talk of that once premier institution without recollecting the name of that people's man, Kuttan Tampuran, to whom all the credit of that institution once having been the premier bank is due, and round whom the whole Co-operative movement once centered.

You will observe, Sir, that, out of 140 societies, only 5 are shown as non-credit societies. All the rest are credit societies or money-lending institutions. And what is the condition of these 5? "Of the three Weavers' Societies, one did not start work during the year. One started the work late in the year and is doing its work; while the third could not do its legitimate business, and steps are being taken to mend it. The one Carpenters' Society composed of 23 poor workmen is in need of help and patronage. And the one distributive society could not be started on its work, as the whole thing on which the society depended was in a state of indecision". All this is from the report.

The credit societies or the money lending institutions, in spite of factions and other troubles, did some work. The total amount lent by them during 1101 was only 7½ lakhs—a paltry sum in my view. There was an overdue account of 22·7 per cent, and there were 600 suits before the Registrar, and the Registrar in some cases decreed 24 per cent interest. Is this co-operative money-lending? For the several defaults in repayments and the large percentage of overdues, there are two evident reasons, which can easily be remedied, if there are, in the co-operative field, men with the co-operative head and the co-operative heart. It is no use throwing the whole blame on the members and stopping there. There are all sorts of people among the members, and several of them do not know how to do things, how to borrow, how to repay, how to live honourably. They

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must be led and guided. For the usurious interest, by whatever name it may be called, the faulty bye-laws of some of the societies and the faulty ways in which they are administered are responsible. If good result and material benefit are the aims, all these details must be looked into.

I shall here tell you the difference between a joint stock company and a co-operative society. A joint stock company exists to exploit human need for the benefit of capital, whereas a co-operative society exists to make capital serve human need. And so the motto of every joint stock company is profit, more profit and still more profit or in blunter language "every company for itself and the devil take the hindmost"; whereas the motto of a co-operative society is "each for all and all for each". There is no principle nobler and higher than this, and it will be the greatest blessing to the world, if all the institutions and even the governments are built up and worked on this principle.

It is a blot on the Co-operative movement of the State that Co-operation has developed only on the credit side. And if even this development is not on the right lines, and people do not derive much benefit out of it, where then is Co-operation?

Now, turning to the Central Bank, I may tell you, Sir, it is an ideal type of Central Bank, being a society of societies not admitting individual shareholders. It was opened in 1093, and has been doing much useful work in its own line. I was in close touch with this institution for full seven years as director and otherwise, until I left the Trippunittura Bank. The diretors have all along been the elected representatives of the societies, the Tahsildar of Trichur has been the treasurer throughout, and Mr. Mukundan Raja, a practical co-operator and one possessed of much common sense and geniality and tact, has been the President almost throughout. The Bank perhaps has several defects in the eyes of some people, and even to my eyes it is not without its drawbacks. But it must be remembered that it is a Co-operative society belonging to the shareholding societies of the State and managed by their elected representatives, audited by competent auditors, superaudited by the Registrar and open to the Registrar's inspection at any time. It does not seem to be widely known that there is a limit to the right of the people outside the Co-operative societies to know the details of its working. There is a limit to the right of the shareholding members also. According to business principles and according to the rules and practice, anything and every thing cannot be laid bare before anybody and everybody. And even the Government, although they are the guardians and regulators of every institution in the State, and although, as such, they have a right to know even the minutest details, will not be right in publishing several of them. It is all clearly defined

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in the Government of India Resolution dated 29th April 1901. Even the Government cannot obtain more information from the joint stock banks than is printed and published under the order of the Board of Directors, although they might have invested lakhs of their money in them.

The doors of a co-operative society must be more carefully guarded, because the trust inside the shrine is much more sacred. There is no opposing the view that faults should be found out and remedial measures adopted, but there is a constitutional method prescribed for everything, and any straying from this path will shake the foundation, and the whole fabric may fall.

The money-lending societies—the only type that has been developed—have all to be placed on a sounder and surer basis, if they are to be of any use to the people. For this, one has to live with the societies and work with them. Several new societies and new types of societies have to be organised. The aim should be to get together in village after village all the people who follow the same industry, and put their business on the co-operative basis. And when they are organised, their working should be guided and watched. The whole movement has to be revived, and the work has to be started with some definite and clear-cut ideals before us. Many a poor State has been saved by Co-operation. And, poor as our country is, I impress upon the Government that Co-operation is the only panacea for all evils, poverty, unemployment, depressed classes and all. It is with a view to get some experienced men from outside to advise the Government on what should be done, and how it should be done, that I moved a resolution here and even mentioned some names. But the Government did not accept it.

Now, I shall tell you what should be done and how. The Government may accept it or reject it. But in the interests of the masses, I request the Government at least to consider my proposals.

1. I have nothing to say against the Registrar. The Government say that he has the necessary qualifications, that he has an experience of 21 years in the movement, and that he is fully competent to be in charge of the movement here. I unreservedly accept it. But, Sir, I understand that he has been half starved these two years. He has been, for some reason or other, quite unconnected with Co-operation, getting only half his pay. When a one rupee cut in the allotment for a department was enough to unnerve an officer, how can you expect an officer to do his duties with any zeal or energy, if he is put on half rations. The very first thing that has to be done is, in view of the work before him, the Registrar must be allowed enough to maintain his position as the responsible head of an important department.

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2. The Inspectors also should be placed on a better footing. As matters stand now, they get Rs. 30 or Rs. 40 as pay and 8 as. *batta* per day. It must be noted that the officers of the Co-operative Department have to move with the people more than the people of any other department, and if they do not keep appearances, nobody will care for them, and the result will be there will be no effect.

3. The Central Bank takes upon itself several functions. It is now time to ask the Central Bank to remain as the central financing agency and give up all their other functions. The Directors may go round and inspect the societies to see that their monies are safe, and that they are used for the purposes for which they are intended. Their work must end with that. If the central financing agency is privileged to supervise the societies to any further extent, there is the danger that they may lord it over.

4. The Institute too has several functions in their programme. I think they must confine their attention to collecting information, to formulating ideas and to presenting them to the workers and to the people who are interested. That is propaganda. And they must be left to do it in any manner they think best—by lectures, by publication of pamphlets or periodical magazines or by any other method. Their work must stop with that. If the Institute is asked to organise new societies, they will organise and go and swell the numbers, and if, after organisation, the new societies are not carefully nursed and watched, they will soon get sick and die.

5. I found some reference in some of the reports to Supervising Unions. I am definitely of opinion that it is not yet time to think of Supervising Unions, and they can be thought of only after there is a sufficient number of men with the necessary knowledge and experience to take up the work. Moreover, it is not yet time to federate the societies, as fedaration must go by the kind of societies and not by the taluk or district.

6. Lastly, the work of organisation and supervision should entirely be left with the Registrar. In this work, as matters stand now, it will be advantageous to find one or two men with the necessary knowledge, and experience and leisure to help the Registrar and work under him as honorary workers. To find out one or two such men now will not be a difficult affair, and early steps should be taken to make these arrangements.

Under this arrangement that I have now proposed, there will be a clear definition of the functions of all the agencies; there will be no overlapping of functions, and the work of orga-

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nisation and supervision will be in responsible hands who will be answerable to the Government. The Central Bank will do the financing work, and mind that work alone, and the Institute will be in charge of the necessary propaganda work, to teach the people the principles of Co-operation and the rules of practice, so that in the course of a few years, they will be able to create an agreeable co-operative atmosphere in the State, and to train up some people who will be able to take up all sorts of co-operative work and do all that successfully, and to the best advantage of the people.

President.—What other work is this Central Bank doing except financing?

Mr. K.S. Rama Ayyar.—There was no other agency here to supervise the work, and they are doing all sorts of responsible work. It was only when they found that they could not do all of them that they organised the Institute. It was at their instance that the Institute was organised. That was the only non-official agency here.

President.—Is there any function which they are now doing and which is objectionable from your point of view?

Mr. K S. Rama Ayyar.—The complaint comes from the Government itself in *the Administration Report.* They may concentrate their attention on financing alone.

Dr. A. R. Menon.—Sir, this is a highly technical subject, and I do not pretend to know much about it, and what little I know, I learned for the purpose of presiding over one of their meetings. The subject has been dealt with most thoroughly and scientifically by the previous speaker, and I shall confine myself to two or three observations in connection with this subject and to point out to the Government certain irregularities. I shall take particular care not to say anything about the Bank or its working but only about the violation of the bye-laws which are not even good to control them.

The first point to which I wish to draw the attention of the Government is that, of the Directors, two certainly, and possibly three, were also Directors of or in some way connected with other Joint Stock Companies. I do not mention names.

Mr. A. K. Vengu Ayyar.—Are such people disqualified?

Dr. A. R. Menon.—I am coming to that. It is not stated in these rules that they are qualified. That is certain. But the other thing is only a commonsense observation. What is more? Let us see what the man who places these on a practical basis says. Mr. Wolff, the greatest co-operator, lays down as the fundamental rule of co-operative banks that any individual who is connected with other banks or who has special

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interest in other banks should not be made a Director of a central co-operative bank. His argument is that one man cannot serve the interests of two masters, and that there will also arise the question of clashing of interests. Human tendency, poor human nature, will prefer to show partiality to the bank to which he is related and not to the common bank which is after all, a people's bank. Therefore, he lays down that no one connected with other banks should be a member of the Board of Directors of a co-operative central bank. He goes further and says that people like doctors and lawyers should, as far as possible, be excluded from becoming members, because their interest is concerned in urban and not in rural areas. It may be that we have not advanced so far that our rural population would be able to supply men of sufficient standing and necessary intelligence to fulfil the function of a doctor. But, certainly, we can relieve ourselves of this reproach that this bank contains members whose interests are divided, and who have interest in other banks also. I think it would be better to consider these questions, and if there is no bye-law at present to this effect, we may introduce one. This fact came to my notice. I put certain questions at the sub-committee meeting, and the Registrar was not able to defend his position. I asked into which of the banks they put the money. They said that is a secret, and that it would be disclosed, provided I use it for my own information and not make it public. I declined to receive the information. I could afterwards get information as to where their deposits are placed. Now, putting all these together, one has reason to entertain a suspicion with regard to the working of these societies. Just to avoid giving ground for such suspicions, we should see that this matter is set right.

The second point is that the same committee had complained that, when they wanted to start a company, they did not get sanction. When Mr. Rama Ayyar read his report, the Secretary and the Registrar were there, and they were not able to give a reasonable answer to meet this charge. The primary object of a co-operative bank is not to effect money transactions. Its business is to distribute money collected in its possession, and the question of profit comes last. Mr. Wolff says the question of profit should have no consideration at all in co-operative societies, and that the share-holders should not be given very good dividends even when there is profit in the bank, his idea being that, if you pay them high dividends, the interest of the bank would be made to suffer and the bank would concentrate its attention upon dividend alone. The question of dividend must be absolutely secondary, and the the interests of the bank should be the primary consi-

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deration. Openly, before the bank, a gentleman gets up and says "we had not refused to start a society". He could not answer. I do not say anything against the bank but only against the people who control the bank.

The third point which I wish to bring to your notice is that some three years ago an allotment of Rs. 5,000 was given by this House for the Co-operative Institute. Have the Government asked for an account as to how they have spent that money, whether they have done any work, etc?

Mr. C. Achyuta Menon.—They have purchased some books.

Dr. A. R. Menon.—That amount is lying as a deposit in the Central Bank. So you can understand with what interest they applied for financial help just three years ago. For these two years the money has been lying in deposit. They have not spent anything out of it.

President.—Some money has been spent.

Dr. A. R. Menon.—Sir, the deposit in the Central Bank is Rs. 5,146—9—8. Rs. 5,000 is evidently the money received from the Government.

President.—I know some money has been spent.

Furniture	...	Rs.	360	0	0
Pay	...	,,	148	3	2
Travelling Allowance	...	,,	56	0	4
Contingencies	...	,,	57	12	5
Printing charges	...	,,	48	3	6
Rent	...	,,	33	0	0
Conference	..	,,	100	0	0
Anchal charges and postages	...	,,	22	0	3
Advances repaid	...	,,	1	9	10
Subscription	...	,,	59	4	0
Miscellaneous	...	,,	20	1	8
	Total	,,	6,052	12	10

What is the total spent on account of the institute?

Mr. A. K. Vengu Ayyar.—About Rs. 1,000. But they had some money.

Dr. A. R. Menon.—They told the Government that they want more money for propaganda work, and that work has to be done immediately, and the amount was granted in the budget session. It was pressed to a division. The Government objected to it. But the Council granted it, thinking that it is intended for a useful purpose.

President.—The fact that the amount has not been spent only means that they are pursuing a cautious policy.

Dr. A. R. Menon.—In these two years that amount has not been utilised. What is the object of having an institute ex

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cept for getting certain copies of text books, and then saying that they are carrying on propaganda work ?

Mr. C. Achyuta Menon.—His Majesty the King Emperor's authority was invoked so repeatedly to overawe us.

Dr. A. R. Menon.—As the Government have paid money, they have a right to ask what was done with it. It was not given for deposit; Government can very well do that. They must give an account why they have not acted up to their pretensions. There are a number of Members who voted for the amount, and I hope they also will have to say something.

President.—The only Member who can speak with authority is Mr. Sankaran Nambudiri, who is a member of the Institute, and he is absent to-day.

Dr. A. G. Menon.—It was Mr. Puduval, who moved it.

President.—He is no member of the Institute. I myself attended the annual meeting at Trichur a few days back. I did not find any large audience. I was sorry that people do not take any interest in such matters. I was then able to find out that they had spent some amount.

Dr. A. R. Menon.—My fourth point is that you must clearly define the relation between the Government and the societies. The relation is rather inelastic and confusing. We do not know what is the relation. For the time being Government must have some supervision.

President.—The difficulty is that they tell us that Government need not come in and interfere with their work. I myself have heard it said many times.

Dr. A. R. Menon.—In the case of people who are well-educated and able to take this sort of public business, this may be alright. But in the case of the rural population, Government must have supervision.

These are the only observations I have to make.

Mr. M. K. Raman.—Sir, my object is not to criticise the action of the Central Co-operative Institute or the Bank. I leave it to the other members. I have other matters to bring to the notice of this House.

Sir, you have now appointed a Protector of the Depressed Classes. If you want to do anything for the uplift of these poor people, I think we have to start certain co-operative societies. The Protector and the Registrar of Co-operative Societies should form into a sort of co-operation at first.

President.—I am sure you cannot find a more enthusiastic and zealous supporter of the co-operative movement than our present Director.

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Mr. M. K. Raman.— I am not going to say anything against him. What I wish to say is that it will do well for the Director to co-operate with the Registrar.

President.—Wherever possible, the members of the depressed classes are being taken, and he wants to establish co-operative societies, wherever these classes say they want to take shares.

Mr. M. K. Raman.—I submit that co-operative societies of an agricultural and industrial nature are of real necessity now, and they may be introduced, so that the people at large may be benefited thereby.

President.—An agricultural co-operative society has already been started at Desamangalam.

Mr. M. K. Raman.—In almost all villages industrial and agricultural co-operative societies should be introduced—societies which will be able to sell, at a cheap rate, seeds, manure, agricultural implements, etc., to the cultivators.

President.—Government are absolutely one with you in this matter.

Mr. M. K. Raman.—Again, if the present staff is insufficient to carry on this work, I request Government may be pleased to sanction the necessary staff also, to cope with the increased work, because we are going to start co-operative societies on a different system.

President.—Mr. Achyuta Menon, have you considered the question of increasing the staff?

Mr. C. Achyuta Menon.—Yes. To increase the staff and pay them better. According to our scheme, there will be 5 Inspectors.

Mr. M. K. Raman.—Since all the suggestions I have made are acceptable, I do not want to say anything further about it.

Mr. A. K. Vengu Ayyar.—All that is under the consideration of the Government.

Dr. A. G. Menon.—The motion may be considered to have been withdrawn.

Mr. E. Ikkanda Wariar.—I have also tabled a motion. I do not wish to press that motion. But I wish to make one or two observations. About the importance of this subject much has been said in this Council, and even to-day I do not wish to dilate upon it.

President.—All are agreed that it is of the greatest utility. Nobody will disagree with you in that.

Mr. E. Ikkanda Wariar.—But my difficulty is this. It is not so much as to make the present Government understand

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our real needs as to make them do what we want. The belated appointment of an Inspector, the practical and immediate necessity of which was much talked about in this Council, and even conceded to by the Government, shows the same thing. We all know that the Government took nearly an year to appoint a temporary Inspector. When I asked for information as to the number of applications received for registration of new societies by the Registrar, Government said they have no information. To the best of my knowledge, there were several applications which have been refused by the Registrar.

President.—How many?

Mr. E. Ikkanda Wariar.— About 15 at least. The applications were either refused or are kept pending for one year.

President.—They may not have given sufficient reasons.

Mr. E. Ikkanda Wariar.—I understand that the Registrar has not got sufficient staff to cope with the work. Probably, that might have been the reason why he was anxious not to multiply the number of societies.

President.—Greater difficulty is felt to get on with the societies already registered. He says most of his time is spent in supervising old societies, and hence has hardly any time to work for new societies. You see there is faction, trouble and similar things.

Mr. E. Ikkanda Wariar. - That is exactly the reason why you should strengthen your inspecting staff. When matters stand like that, and when Government feel convinced of the unlimited usefulness of these institutions, is it not natural to expect me to make this legitimate complaint, that it is more difficult to make the Government do a thing than to convince them of the necessity for it?

President.—Most legitimate.

Mr. E. Ikkanda Wariar.—Sir, I ask for a bold and forward policy in this matter, and I want the Government to take stock of the real character of the people, and double up their speed in the development of these useful institutions. Our people are fairly educated, but, unfortunately, their enthusiasm is effervescent. I do admit that. So, our work becomes all the more difficult. It is not so much of demonstrations or costly furniture, and fine speeches or arrangement of conferences and things like that, that we want,—they may all be useful in their own ways—but some substantial, tangible and practical work, and I can think of no other agency to cope with this work than the Government itself, as matters now stand.

President.—I said that what is required is intensive propaganda and not extensive propaganda, to start with. What I

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say is, go to each society, see how it is going on, whether it is going on right lines or not, and also whether there are signs of impending faction. Intensive propaganda is what is required.

Mr. E. Ikkanda Wariar.—Sir, I do admit the force of the position that you take, but at the same time I would request you to strengthen the staff of the Co-operative Department, to order them to go to every nook and corner of the country, educate the people and supervise the efficiency of existing institutions, and organise wherever possible more societies, giving preference, of course, to industrial and agricultural societies. That is all what I have got to say.

President.—But have you been doing any work in regard to this subject in which you are very much interested?

Mr. E. Ikkanda Wariar.—I am doing my humble bit as secretaries of two co-operative societies, one credit and one industrial.

President.—This is a work in which all of us should join, without distinction, official or non-official. This is purely a people's movement, and we must all form a united body, for the purpose of carrying on this useful movement.

Mr. M. K. Raman.—May I know what was the Registrar's reply to the complaint that new societies are not registered?

President.—His answer is that we are better off than the system prevailing in the Madras Presidency. I told him that is no excuse. That is no reason why we should not register new societies.

Mr. M. K. Raman.—Not only that. Some societies are not working satisfactorily. This is an important problem. If the work is heavy, let there be a Sub-Registrar for a temporary period.

Mr. N. Padmanabha Menon.—I want some information. The Government order on the report of the Registrar says, "The Registrar is requested to report whether any society was organised by the Bank since 1093, and if not, why the bye-laws should not be amended so as to leave the work to the Institute."

Has that report been submitted?

Then, "The Registrar is, therefore, requested to give full statistics regarding the progress of co-operation among the backward and the depressed classes, special mention being made of the Pulayas, Parayas, Nayadies and others similarly circumstanced." Has that report been received?

Mr. A. K. Vengu Ayyar.—We have not received any report.

President.—When was this proceedings?

Mr. M. K. Raman.—24th March 1927.

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Mr. N. Padmanabha Menon.—Then, there is another report called for. "A separate report should be submitted in the matter, as also about the steps proposed to be taken for improving the Kuttampilli Weavers' Society and the Viswakarmamayachari Co-operative Society."

Any report in respect of these matters?

Mr. A. K. Vengu Ayyar.—None of these have been received, to my knowledge.

Mr. N. Padmanabha Menon.—Is it on account of want of sufficient staff?

President.—There is some delay. We have taken him to task for this.

Mr. N. Padmanabha Menon.—I have tabled one motion. I don't want to press it to a division, but I want to speak a few words regarding the matter. My object in tabling that motion was to call the attention of the Government to the attitude the Government has taken towards this department. In my general remarks on the budget, I have stated that "the Government considers this department more as a necessary evil in a scheme of civilized government, than as a potent instrument to relieve the poverty of the people."

Mr. A. K. Vengu Ayyar.—Not at all.

Mr. N Padmanabha Menon.—Well, I believe they are strong words, but, Sir, from your own orders, I shall be able to substantiate my allegation.

It is now more than 12 years, I think, since that department was organised in the State, and the Government is not even now in a position to say whether that department is working on correct co-operative lines. Your own orders say that correct information is not available, that the Central Co-operative Bank, whose duty, as has been observed by the Member for Irinjalakkuda, is to finance the institutions, was doing the work of supervision also. You have said now that there was a cry from certain sections of the people that this movement is essentially a people's movement, and that the Government must take its hands off the movement. I suppose this cry will be from people who are interested in the movement. The Central Co-operative Bank must be composed of members of primary societies, and the directors also must be the elected representatives of these primary societies. Only then, the primary societies, both with limited and unlimited liability, will be able to register themselves. According to the present bye-laws, only primary societies with unlimited liability can become members of the Central Bank. That will explain, Sir, the figures in *the Administration Report*; that only 50 per cent of the societies

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have become members of the Central Bank. I have stated elsewhere that it is useless, at the present stage, i. e., at the stage at which the co-operative movement has reached in this State, to have more credit societies and purely loan societies. We want more agricultural societies. I will read to you one or two sentences from the *Report on Co-operation in India*.

"Considering the class of people who compose the bulk of these societies, it is useless to expect the maintenance of a high standard without frequent audit and increasing supervision from without .Without that, a good society will soon degenerate, and a bad society may come to ruin. The ultimate responsibility for these duties must rest in the Government as represented by the Registrar."

If we look into the attitude of the Government, I may say that the Government has not realised this aspect of it. With insufficient staff, the Registrar has to do the supervision work of the societies, and it is impossible, as was observed by the Member for Trippunittura, for the Registrar with his half ration to take special care and put his heart and soul into the work.

The Committee of Co-operation, to which I referred before, was recommending, in British India, the appointment in each district of an officer on the status of a Collector. I am not in the least suggesting that we must have a very high paid officer as the Registrar, but it is absolutely necessary that the Registrar should be made to put his heart and soul into the work, and I submit, Sir, that the conditions under which the Registrar is now working are most depressing, and he cannot be expected to put his heart and soul into the work. I do not refer to the conditions. They may raise side issues.

Then again, Sir, the Central Bank, as has been proved by the Member for Irinjalakkuda, is becoming a profiteering institution. That is the first thing to be avoided in the case of the Central Bank. "If a bank is frankly a profit seeking concern, its interests are in few respects coincident with the interests of societies which it is likely to regard as a means of profit and in the real welfare of which it has little concern."

I observed that the Government in its bye-laws has overlooked this primary aspect in the constitution of the Central Bank. The Primary Societies must be encouraged, if necessary, to change the bye-laws and to become members of it by extending the privilege of becoming members of the Central Bank to societies with limited liabilities also.

Then, Sir, I was referring to the development of only one aspect of co-operation in this State, and that is about credit

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loan societies. If we look at the conditions in British India, we would find that the primary object with which that department was organised there was to give more facilities for the agricultural classes. The chief object of co-operation in India was to deal with the stagnation of the poorer classes, who constitute the bulk of the population. Now, I ask the Government, or the Member who moved that motion, to say whether that department, after its existence in the State for a long time, was able to do anything in this direction. Their own report and their own order say that they were not able to do it. The Registrar must be definitely instructed that, unless he submits definite schemes, unless he is able to show more advanced work in this direction, the whole system will have to be enquired into by a Committee. My considered opinion is that the Government lost a great opportunity when it refused to accept a resolution passed in this House asking for a committee to enquire into the working of this department. The Government of India, in a resolution of 1914, i. e., 13 years after the organisation of that department there, appointed a committee. The terms of reference are these; "The primary duty of the committee will be to examine whether the movement, in its higher aspects and in its financial aspect, is progressing on sound lines, and to suggest any measures of improvement which seem to be required. For this purpose, enquiry will be directed primarily to an examination of such matters as the constitution and working of the Central and Provincial Banks, the financial connection between the various parts of the co-operative organisation, the audit, inspection and management of all classes of societies, the utilization of the reserve and the manner in which the reserve funds are administered." They are also asked to make recommendations for the improvement of the administration and spread of the movement.

Sir, these are exactly the things that we want. Now, the movement was in existence in Cochin for so long a time, and there is a complaint that the department has organised only credit societies. There is great necessity for agricultural societies. We have to put the relations between the Central Bank and the Institute and the Government and the Registrar on a more satisfactory basis. These are exactly the things we require now. I submit the Government did a mistake in not accepting the resolution passed in this House. If the Government is not prepared to appoint a Committee, it is high time that the Government, on its own initiative, either through its Registrar or through some other officer, should enquire into the

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whole condition of the co-operative system as is now worked in Cochin and call for a report for its re-organisation. It will be one of the chief items, I believe, in the rural reconstruction scheme that the Government has in its mind It is to bring these matters to the Government's notice that I have tabled this motion. I do not move it separately or wish to press it to a division.

Mr. A. B. Salem.—I have a few words to say. I have also tabled a cut motion. I do not wish to move it separately. I shall take just two minutes.

Sir, I had asked a question, whether there is an agricultural co-operative society formed in the State, either by the Government, or by the people to the knowledge of the Government. Of course, partially it has been answered. If they have not one, this aspect of the case should certainly be not forgotten in this matter. In the coming year, it must be the policy of the Government, because you see that these credit societies come into existence for the amelioration of the condition of the masess. You have been telling us, Sir, that this is a people's movement, that there should be no distinction between official and non-official, and that you would co-operate with us, and we should co-operate with you. We are very glad to hear your genuine feelings and intentions, but the Government should translate its intention into action. That is what we want. When the Government half of this House is recruited from this House, and its one part can becomes the other part, then the co-operation that you ask from us will be complete, and it will come speedily.

The question whether Mr. Nunez has the leave of the House to withdraw his motion was put to votes and carried.

President.—Then I think we shall pass over all the other motions. Mr. Puduval and Mr. Sankaran Nambudiri are absent. The others are withdrawn.

Motions Nos. 1 to 9 were considered withdrawn.

The Demand was put to vote and carried.

The grant was made.

Demand No. VII—Stamps.—Rs. 52,675

President.—Then, Demand No. VII—Stamps.

Mr. A. K. Vengu Ayyar.—Sir, I rise to move for a grant of Rs. 52,675 under "VII—Stamps".

Of this, Rs. 6,949 is on account of establishment, Rs. 40,000 on account of purchase of stamps and stamp-papers.

Rs. 546 on account of contingencies and other supplies and services.

And Rs. 5,000—for refunds.

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